

MOTION BY SUPERVISOR ZEV YAROSLAVSKY

August 13, 2013

The Drug Medi-Cal (DMC) program provides substance abuse treatment services to California's Medi-Cal population. The program is funded 50 percent with federal Medicaid funds and 50 percent with County-controlled funds. DMC currently provides access to five different types of treatment services for people with alcohol and/or drug abuse problems, including methadone maintenance and outpatient counseling services. Since 1994, the Department of Public Health's (DPH) Substance Abuse Prevention and Control (SAPC) division has served as the state's contractor and fiscal intermediary for the DMC program in Los Angeles County.

In FY 2012-13, DPH-SAPC contracted with 143 agencies throughout the County that served approximately 30,000 participants, with funding for the program totaling \$99.5 million. Data from DPH-SAPC show that there has been a steady increase in participant admissions and treatment services in the local DMC program over the past several years. Thanks to the Affordable Care Act, it is estimated more than 400,000 County residents will become eligible for Medi-Cal in less than five months, on January 1st, 2014. Many of these people will also be eligible to receive DMC benefits. The expanding population of people who are eligible for DMC benefits, as well as the current

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discussions in the state to expand the DMC benefits package, lead us to believe that this program will continue to grow rapidly in the near future.

Since 1994, the roles and responsibilities of the state and County for the administration and oversight of the DMC program have remained somewhat unclear, overly complex, and have continually shifted. The roles of the County and state were realigned most recently in 2011. Unfortunately, this has led to some regulatory conflict and confusion, and appears to have created opportunities for some unscrupulous operators to gain access to the program, to the detriment of taxpayers, public agencies, and to the clients eligible for, and dependent on, these services.

The State Department of Health Care Services (DHCS) has recently launched an investigation of the program to try to eliminate fraudulent providers. DHCS announced on July 18th that it had suspended 16 DMC providers. However, the number of suspended providers has risen steadily as the investigation continues. As of August 2nd, the state had suspended 46 clinics throughout the state, with 36 of these being referred to the state Department of Justice. As a result of the recent state suspensions, DPH-SAPC has discontinued payments to suspended providers doing business in Los Angeles County.

In addition to its responsibility as the steward of public funds charged with ensuring that taxpayer dollars are spent wisely and appropriately, the County also has the duty to ensure that County residents retain access to high-quality DMC services.

I, THEREFORE, MOVE that the Board of Supervisors instruct County Counsel and the Auditor-Controller to report back in 30 days with:

1. An analysis of the County's legal obligations to contract with, and provide oversight for, local Drug Medi-Cal providers, including an analysis of the services provided and

the source of the obligation, if any, to provide those services; and

2. A determination of the County's legal authority to audit and terminate contracts with local Drug Medi-Cal providers, including an analysis of the State's obligation in this regard and a discussion of how that obligation intersects or conflicts with the County's efforts.

I FURTHER MOVE that the Board of Supervisors:

Instruct the Auditor-Controller to complete a program audit of the Drug Medi-Cal program, including a review of the recommendations for program improvement that the Department of Public Health outlined in its July 26, 2013 memo to the Board, and report back in 30 days; and

Instruct the Director of the Department of Public Health to develop a protocol for determining the severity of provider deficiencies found during the course of an audit and taking appropriate action, including ensuring that audits revealing significant deficiencies are shared with the top management of the Department, as well as with the Chief Executive Office and the Board of Supervisors.

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